THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (e) The information is being collected and will be laid on the Table of the House.

Amendments to PML Act

392. SHRI RAJEEV SHUKLA:
DR. T. SUBBARAMI REDDY:

Will the Minister of FINANCE be pleased to state:

(a) whether the long-delayed amendments to the Prevention on Money Laundering (PML) Act have been finalized bringing not only international credit card transactions and money transfers under the scanner but also a new category of offences with cross-border implications;

(b) if so, whether the Ministry has prepared this new set of amendments and the same has been submitted to the Cabinet;

(c) if so, what are other main factors that are being considered to be incorporated in the PML Act; and

(d) by when it is likely to be passed?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Yes, Sir.

(c) One of the other main factors that is being considered to be incorporated in the Prevention of Money Laundering Act, 2002 (PMLA) is expanding the scope of PMLA by adding certain offences in Part A and Part B of the Schedule to the Act and introducing a new Part 'C' in the Schedule.

(d) The Prevention of Money-Laundering (Amendment) Bill, 2008, has been introduced in Rajya Sabha on 17th October, 2008.

Functioning of Assets Reconstruction Companies

393. SHRI RAJEEV CHANDRASEKHAR: Will the Minister of FINANCE be pleased to refer to reply to Unstarred Question 1176 given in the Rajya Sabha on the 11th March, 2008 and state:

(a) the number of Asset Reconstruction Companies (ARCs) functioning at present, and by whom members of the boards of ARCs are appointed;

(b) the criteria for their appointments, salary and perks payable to them;

(c) the present number of board members of ARCs and vacancies therein, if any, at present; and

(d) the number out of them who are former and present bank employees and how many are from private sector?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR ANSAL) : (a) to (d) Reserve Bank of India (RBI) has reported that till date eleven

Securitization/ Reconstruction Companies (SC/RCs) are registered with them. RBI has no direct role in the appointment of members of Board of Directors of SC/RCs. However, these companies are required to report to the RBI the names of directors at the time of seeking Certificate of Registration and subsequent changes, if any. RBI carries out due diligence of such individuals. The Directors of Asset Reconstruction Companies (ARCs) need to have adequate professional experience in matters related to finance, securitization and reconstruction. The bank has no information about salary and perks payable to the Board Members.

As per the information available with RBI there are total 87 members of the Board of Directors in the eleven SC/RCs. Out of 87 members 30 members have been associated with various banks, of which 6 members are associated with Private Sector Banks. Of the 30 Directors who are/were associated with banks, 26 Directors are retired personnel, whereas 4 Directors are sponsor director still working with the bank.

Harassment by recovery agents

394. SHRI NANDI YELLAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that recently the Supreme Court took serious note of growing complaints of extra-legal methods used against loan defaulters and warned that banks must respect the Law of the Land and told banks as well as Financial Institutions to strictly follow the 10 points Reserve Bank of India (RBI) guidelines; and

(b) if so, what stringent measures are proposed to be taken by Government to put an end to this unending continuous menace of ruthlessness, inspite of mandating strict guidelines by the R.B.I.?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) Hon'ble Supreme Court, on an appeal (no.900 of 2008) filed by ICICI Bank Ltd. has observed that Banks would, in the normal course ensures that their employees for agents also adhere to the above guidelines during the loan recovery process.

In the Mid-Term Review of Annual Policy Statement (dated November 30, 2007), RBI has observed that in view of the rise in the number of litigations against banks for engaging recovery agents in the recent past, it is felt that the adverse publicity could result in serious reputational risk for the banking sector as a whole. Reserve Bank of India (RBI) has urged banks to follow prescribed guidelines while engaging recovery agents and has clarified that complaints received regarding abusive practices followed by a bank's recovery agent would invite serious supervisory disapproval. RBI would consider imposing a temporary ban (or even a permanent ban in case of persistent abusive Practices), for engaging recovery agents, on those banks where strictures have been passed/penalties have been imposed by a High Court/Supreme Court or against its Directors/ Officers with regard to the abusive practices followed by their recovery agents.